



General Assembly

February Session, 2012

***Raised Bill No. 178***

LCO No. 687

\*00687\_\_\_\_\_AGE\*

Referred to Committee on Aging

Introduced by:  
(AGE)

***AN ACT CONCERNING INCOME TAX DEDUCTIONS FOR LONG-TERM CARE INSURANCE PREMIUMS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (20) of subsection (a) of section 12-701 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage and applicable to taxable years commencing*  
4 *on or after January 1, 2012*):

5 (20) "Connecticut adjusted gross income" means adjusted gross  
6 income, with the following modifications:

7 (A) There shall be added thereto (i) to the extent not properly  
8 includable in gross income for federal income tax purposes, any  
9 interest income from obligations issued by or on behalf of any state,  
10 political subdivision thereof, or public instrumentality, state or local  
11 authority, district or similar public entity, exclusive of such income  
12 from obligations issued by or on behalf of the state of Connecticut, any  
13 political subdivision thereof, or public instrumentality, state or local  
14 authority, district or similar public entity created under the laws of the  
15 state of Connecticut and exclusive of any such income with respect to

16 which taxation by any state is prohibited by federal law, (ii) any  
17 exempt-interest dividends, as defined in Section 852(b)(5) of the  
18 Internal Revenue Code, exclusive of such exempt-interest dividends  
19 derived from obligations issued by or on behalf of the state of  
20 Connecticut, any political subdivision thereof, or public  
21 instrumentality, state or local authority, district or similar public entity  
22 created under the laws of the state of Connecticut and exclusive of  
23 such exempt-interest dividends derived from obligations, the income  
24 with respect to which taxation by any state is prohibited by federal  
25 law, (iii) any interest or dividend income on obligations or securities of  
26 any authority, commission or instrumentality of the United States  
27 which federal law exempts from federal income tax but does not  
28 exempt from state income taxes, (iv) to the extent included in gross  
29 income for federal income tax purposes for the taxable year, the total  
30 taxable amount of a lump sum distribution for the taxable year  
31 deductible from such gross income in calculating federal adjusted  
32 gross income, (v) to the extent properly includable in determining the  
33 net gain or loss from the sale or other disposition of capital assets for  
34 federal income tax purposes, any loss from the sale or exchange of  
35 obligations issued by or on behalf of the state of Connecticut, any  
36 political subdivision thereof, or public instrumentality, state or local  
37 authority, district or similar public entity created under the laws of the  
38 state of Connecticut, in the income year such loss was recognized, (vi)  
39 to the extent deductible in determining federal adjusted gross income,  
40 any income taxes imposed by this state, (vii) to the extent deductible in  
41 determining federal adjusted gross income, any interest on  
42 indebtedness incurred or continued to purchase or carry obligations or  
43 securities the interest on which is exempt from tax under this chapter,  
44 (viii) expenses paid or incurred during the taxable year for the  
45 production or collection of income which is exempt from taxation  
46 under this chapter or the management, conservation or maintenance of  
47 property held for the production of such income, and the amortizable  
48 bond premium for the taxable year on any bond the interest on which  
49 is exempt from tax under this chapter to the extent that such expenses

50 and premiums are deductible in determining federal adjusted gross  
51 income, (ix) for property placed in service after September 10, 2001, but  
52 prior to September 11, 2004, in taxable years ending after September  
53 10, 2001, any additional allowance for depreciation under subsection  
54 (k) of Section 168 of the Internal Revenue Code, as provided by Section  
55 101 of the Job Creation and Worker Assistance Act of 2002, to the  
56 extent deductible in determining federal adjusted gross income, (x) to  
57 the extent deductible in determining federal adjusted gross income, the  
58 deduction allowable as qualified domestic production activities  
59 income, pursuant to Section 199 of the Internal Revenue Code, and (xi)  
60 to the extent not properly includable in gross income for federal  
61 income tax purposes for the taxable year, any income from the  
62 discharge of indebtedness, in taxable years ending after December 31,  
63 2008, in connection with any reacquisition, after December 31, 2008,  
64 and before January 1, 2011, of an applicable debt instrument or  
65 instruments, as those terms are defined in Section 108 of the Internal  
66 Revenue Code, as amended by Section 1231 of the American Recovery  
67 and Reinvestment Act of 2009, the inclusion of which income in federal  
68 gross income for the taxable year is deferred, as provided by said  
69 Section 1231.

70 (B) There shall be subtracted therefrom (i) to the extent properly  
71 includable in gross income for federal income tax purposes, any  
72 income with respect to which taxation by any state is prohibited by  
73 federal law, (ii) to the extent allowable under section 12-718, exempt  
74 dividends paid by a regulated investment company, (iii) the amount of  
75 any refund or credit for overpayment of income taxes imposed by this  
76 state, or any other state of the United States or a political subdivision  
77 thereof, or the District of Columbia, to the extent properly includable  
78 in gross income for federal income tax purposes, (iv) to the extent  
79 properly includable in gross income for federal income tax purposes  
80 and not otherwise subtracted from federal adjusted gross income  
81 pursuant to clause (x) of this subparagraph in computing Connecticut  
82 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
83 extent any additional allowance for depreciation under Section 168(k)

84 of the Internal Revenue Code, as provided by Section 101 of the Job  
85 Creation and Worker Assistance Act of 2002, for property placed in  
86 service after December 31, 2001, but prior to September 10, 2004, was  
87 added to federal adjusted gross income pursuant to subparagraph  
88 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
89 income for a taxable year ending after December 31, 2001, twenty-five  
90 per cent of such additional allowance for depreciation in each of the  
91 four succeeding taxable years, (vi) to the extent properly includable in  
92 gross income for federal income tax purposes, any interest income  
93 from obligations issued by or on behalf of the state of Connecticut, any  
94 political subdivision thereof, or public instrumentality, state or local  
95 authority, district or similar public entity created under the laws of the  
96 state of Connecticut, (vii) to the extent properly includable in  
97 determining the net gain or loss from the sale or other disposition of  
98 capital assets for federal income tax purposes, any gain from the sale  
99 or exchange of obligations issued by or on behalf of the state of  
100 Connecticut, any political subdivision thereof, or public  
101 instrumentality, state or local authority, district or similar public entity  
102 created under the laws of the state of Connecticut, in the income year  
103 such gain was recognized, (viii) any interest on indebtedness incurred  
104 or continued to purchase or carry obligations or securities the interest  
105 on which is subject to tax under this chapter but exempt from federal  
106 income tax, to the extent that such interest on indebtedness is not  
107 deductible in determining federal adjusted gross income and is  
108 attributable to a trade or business carried on by such individual, (ix)  
109 ordinary and necessary expenses paid or incurred during the taxable  
110 year for the production or collection of income which is subject to  
111 taxation under this chapter but exempt from federal income tax, or the  
112 management, conservation or maintenance of property held for the  
113 production of such income, and the amortizable bond premium for the  
114 taxable year on any bond the interest on which is subject to tax under  
115 this chapter but exempt from federal income tax, to the extent that  
116 such expenses and premiums are not deductible in determining federal  
117 adjusted gross income and are attributable to a trade or business

118 carried on by such individual, (x) (I) for a person who files a return  
119 under the federal income tax as an unmarried individual whose  
120 federal adjusted gross income for such taxable year is less than fifty  
121 thousand dollars, or as a married individual filing separately whose  
122 federal adjusted gross income for such taxable year is less than fifty  
123 thousand dollars, or for a husband and wife who file a return under  
124 the federal income tax as married individuals filing jointly whose  
125 federal adjusted gross income for such taxable year is less than sixty  
126 thousand dollars or a person who files a return under the federal  
127 income tax as a head of household whose federal adjusted gross  
128 income for such taxable year is less than sixty thousand dollars, an  
129 amount equal to the Social Security benefits includable for federal  
130 income tax purposes; and (II) for a person who files a return under the  
131 federal income tax as an unmarried individual whose federal adjusted  
132 gross income for such taxable year is fifty thousand dollars or more, or  
133 as a married individual filing separately whose federal adjusted gross  
134 income for such taxable year is fifty thousand dollars or more, or for a  
135 husband and wife who file a return under the federal income tax as  
136 married individuals filing jointly whose federal adjusted gross income  
137 from such taxable year is sixty thousand dollars or more or for a  
138 person who files a return under the federal income tax as a head of  
139 household whose federal adjusted gross income for such taxable year  
140 is sixty thousand dollars or more, an amount equal to the difference  
141 between the amount of Social Security benefits includable for federal  
142 income tax purposes and the lesser of twenty-five per cent of the Social  
143 Security benefits received during the taxable year, or twenty-five per  
144 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
145 Code, (xi) to the extent properly includable in gross income for federal  
146 income tax purposes, any amount rebated to a taxpayer pursuant to  
147 section 12-746, (xii) to the extent properly includable in the gross  
148 income for federal income tax purposes of a designated beneficiary,  
149 any distribution to such beneficiary from any qualified state tuition  
150 program, as defined in Section 529(b) of the Internal Revenue Code,  
151 established and maintained by this state or any official, agency or

152 instrumentality of the state, (xiii) to the extent allowable under section  
153 12-701a, contributions to accounts established pursuant to any  
154 qualified state tuition program, as defined in Section 529(b) of the  
155 Internal Revenue Code, established and maintained by this state or  
156 any official, agency or instrumentality of the state, (xiv) to the extent  
157 properly includable in gross income for federal income tax purposes,  
158 the amount of any Holocaust victims' settlement payment received in  
159 the taxable year by a Holocaust victim, (xv) to the extent properly  
160 includable in gross income for federal income tax purposes of an  
161 account holder, as defined in section 31-51ww, interest earned on  
162 funds deposited in the individual development account, as defined in  
163 section 31-51ww, of such account holder, (xvi) to the extent properly  
164 includable in the gross income for federal income tax purposes of a  
165 designated beneficiary, as defined in section 3-123aa, interest,  
166 dividends or capital gains earned on contributions to accounts  
167 established for the designated beneficiary pursuant to the Connecticut  
168 Homecare Option Program for the Elderly established by sections 3-  
169 123aa to 3-123ff, inclusive, (xvii) to the extent properly included in  
170 gross income for federal income tax purposes, fifty per cent of the  
171 income received from the United States government as retirement pay  
172 for a retired member of (I) the Armed Forces of the United States, as  
173 defined in Section 101 of Title 10 of the United States Code, or (II) the  
174 National Guard, as defined in Section 101 of Title 10 of the United  
175 States Code, [and] (xviii) to the extent properly includable in gross  
176 income for federal income tax purposes for the taxable year, any  
177 income from the discharge of indebtedness in connection with any  
178 reacquisition, after December 31, 2008, and before January 1, 2011, of  
179 an applicable debt instrument or instruments, as those terms are  
180 defined in Section 108 of the Internal Revenue Code, as amended by  
181 Section 1231 of the American Recovery and Reinvestment Act of 2009,  
182 to the extent any such income was added to federal adjusted gross  
183 income pursuant to subparagraph (A)(x) of this subdivision in  
184 computing Connecticut adjusted gross income for a preceding taxable  
185 year, and (xix) any amount paid during the taxable year for the

186 premium on a long-term care insurance policy.

187 (C) With respect to a person who is the beneficiary of a trust or  
188 estate, there shall be added or subtracted, as the case may be, from  
189 adjusted gross income such person's share, as determined under  
190 section 12-714, in the Connecticut fiduciary adjustment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2012</i>	12-701(a)(20)

**Statement of Purpose:**

To provide a personal income tax deduction for long-term care insurance premiums.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*